



STATE OF IDAHO TAX UPDATE

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This issue of *Tax Update* deals with changes in the tax law and other topics. If you have questions about this material or if you need more information, contact the Idaho State Tax Commission.

NEW LAWS IMPACT INCOME, SALES TAXES

Income tax: Idaho has a new law that allows a 6 percent income tax credit for capital investment in biofuel infrastructure used to sell biofuel. This credit may be claimed instead of the investment tax credit. The credit is limited to 50 percent of the taxpayer's income tax liability, and the law provides for a five-year carryforward and recapture. Another law requires that if money from an Idaho College Savings Plan is withdrawn and transferred to a qualified program operated by another state, the

amount will be included as taxable income in Idaho. Both laws are effective July 1, 2007.

Sales tax: The Legislature modified the sales tax exemption for pollution control to include fixtures and improvements to real property used by manufacturing, mining, or farming businesses, and businesses principally devoted to treating and storing hazardous or toxic waste, if the property is primarily used for meeting air or water quality standards. The exemption is effective July 1, 2007.

HOLDING UNCLAIMED PROPERTY? REPORT ONLINE!

Businesses can now report unclaimed property to Idaho on the Tax Commission's Web site at tax.idaho.gov/filing.htm.

A secure, online application allows businesses to report property they hold that hasn't been claimed by owners. It also lets them tell the state that they have no unclaimed property to report for the year. Companies can file a report for one or more business entities.

Unclaimed property includes stocks, bonds, mutual funds, bank accounts, uncashed payroll checks, utility deposits, traveler's checks, contents



from deposit boxes, and other money that hasn't been claimed.

If payment is due, the application accepts credit card, paper check, or ACH debit payments. It also displays online filing and credit card payment history for up to three years.

You can submit an unclaimed property report beginning July 1. The reports are due by November 1 of each year. If you have questions about reporting unclaimed property, call the Tax Commission's Unclaimed Property Program at 334-7623 in the Boise area or toll free at (800) 972-7660, ext. 7623.

GET YOUR MONEY BEFORE THE STATE DOES

More than \$16 million in unclaimed money will go to the state's general fund on July 1, 2007. It's time to see if any of this unclaimed money is yours. Many assets go unclaimed because people didn't know they had them or just forgot about them, and sometimes they're worth thousands of dollars.

Most states hold unclaimed property indefinitely until it's been claimed by the owner or the owner's heirs. However, due to a law change in 1997, Idaho

will take permanent ownership of the property that has remained unclaimed for 10 years or longer beginning July 1, 2007. At that time, owners and their heirs will lose all rights to that property.

"We'd like to return as much money as we can to owners before the state takes possession of it," said Melanie Wade, spokesperson for the Tax Commission's Unclaimed Property Program, which holds unclaimed property for the state. "Everybody

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E-CHECK JOINS PAYMENT OPTIONS

Taxpayers have another way to pay their taxes online. They can now make e-check payments at tax.idaho.gov.

An e-check is an electronic version of a paper check. Taxpayers go through the same online process as a credit card payment, only they enter information from their check online. The transaction occurs in a secure area of the Web site to

protect users from any loss, misuse, or alteration of information collected.

The free service is for businesses and individuals making payments of at least \$200 and less than \$100,000.

To pay with an e-check, go to the "Electronic Payments" page and click on "Debit Card/Credit Card or E-Check."

CHURCHES, NONPROFITS MUST COLLECT AND PAY SALES TAX, TOO

Churches, religious organizations, and most other nonprofit organizations must pay sales tax on the goods they buy for their own use and collect sales tax on their sales. Many organizations believe that, because they qualify for "tax exempt" status with the Internal Revenue Service, they are also exempt from sales tax obligations. But, this isn't true. The IRS exemption applies only to income tax.

However, there are two sales tax exemptions that are unique to religious organizations:

1. Meals sold by a church to its members at a church function.

For the exemption to apply, the meal can't be available to anyone other than church members. (The food used to prepare the meal can be purchased tax free by giving the



grocer form ST-101, Sales Tax Resale or Exemption Certificate.)

2. Incidental sales by religious organizations.

To be considered "incidental," a sale must meet the following criteria:

- Sales tax must have been paid when the goods were purchased, or the goods must be a gift or donation to the organization.
- Proceeds from the sale must be used exclusively for church programs, including religious worship, education, and recreation.
- The sale can't be available to the general public in the open market in regular competition with similar businesses in the community.



FOR MORE INFORMATION

Web site: tax.idaho.gov

Phone (Boise area): 334-7660

Phone (toll free): (800) 972-7660

Hearing impaired: (800) 377-3529

TAX COMMISSION OFFICES

Boise:

800 Park Blvd., Plaza IV

Coeur d'Alene:

1910 Northwest Blvd., Ste. 100

Idaho Falls:

150 Shoup Ave., Ste. 16

Lewiston:

1118 F Street

Pocatello:

611 Wilson St., Ste. 5

Twin Falls:

1038 Blue Lakes Blvd. N, Ste. C

GET YOUR MONEY BEFORE THE STATE DOES

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should check the unclaimed property list on our Web site at tax.idaho.gov to see if they have property that belongs to them or their relatives."

People who find their names on the list can fill out a claim form (available on the Web site) to get the money. There's no charge for the service.

If you have questions about unclaimed property, call the Tax Commission's Unclaimed Property Program at 334-7623 in the Boise area or toll free at (800) 972-7660, ext. 7623.

Unless otherwise noted, information in *Tax Update* applies only to Idaho taxes. This newsletter is designed to provide general information only, and is not intended to offer comprehensive explanations of Idaho tax laws and rules. Specific questions should be addressed to the nearest Tax Commission office.

Costs associated with this publication are available from the Idaho State Tax Commission in accordance with Idaho Code section 60-202.